



New Jersey Gasoline, C-Store, Automotive Association (NJGCA)

(Formerly New Jersey Gasoline Retailers Association)

66 Morris Avenue – Suite 1E

Springfield, NJ 07081

973-376-0066 | www.njgca.org

FOR IMMEDIATE RELEASE

Contact: Sal Risalvato, Executive Director

Office: 973-376-0066

Cell: 201-745-1914

June 23, 2011

President's Strategic Petroleum Reserve release is shortsighted, wrong

Reserve was to be used for emergencies, not for market speculation;

Washington has no business using a tactical, security asset as a political gimmick.

Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (NJGCA), made the following remarks concerning today's announcement that the President will release 30 million barrels of oil from the Strategic Petroleum Reserve:

"Earlier this year, I heard Senator Menendez and other national political figures calling for President Obama to tap the Strategic Petroleum Reserve (SPR) to ease the pain at the pump. While a seemingly simple solution, many in the industry criticized the idea, citing a number of reasons why opening SPR was a terrible suggestion. In fact, on April 19, 2011, I penned an opinion piece that disapproved of the plan for a number of reasons," said Risalvato.

"It is now two months later and President Obama has made the bad decision to now release 30 million barrels of oil from the Reserve in an attempt to combat high gasoline prices. I could not disagree more with the President's plan nor his reasoning. This was a poor idea two months ago and it is a worse idea today.

"The sad truth is that today's decision is nothing more than a political calculation, not a long-term strategy made for energy or economic reasons. Much more disappointing, however, is that this action utterly ignores what has been going on in the gasoline market place of late. While Washington was wringing its hands to figure out how to deal with high gasoline costs for nearly a year, the price has dropped nearly 50¢ in the last

two months! How can this be? How was this achieved without intervention from D.C.? The market – and motorists – rejected the high prices, resulting in consumption remaining flat at a time of year when motorists typically take to the roads,” Risalvato stated.

“Even thick-headed politicians should know by now that fiddling with the market always creates chaos. But this is worse, given that utilizing SPR harms national security and creates a precedent that is both dangerous and produces uncertainty in the wider market,” Sal said.

“This is a STRATEGIC resource that is to be used only in emergencies, not for political gain or improve polling numbers. The Administration cites reduced production in Yemen and Libya as justification for the release. But a production drop is NOT adequate reasoning. It would take something far more serious – such as OPEC cutting off the West altogether – to qualify as a valid emergency,” Risalvato stated.

“What’s more, what will the President do if OPEC takes this action as a threat and decides to scale back production further? Will Washington release even more oil from SPR? And if that cycle continues, what will happen when a legitimate emergency strikes and our resources in SPR are depleted?” Sal asks.

“No. It would be far wiser for the President and pundits to leave the market alone then have us suffer the unforeseen negative consequences for their decisions!” asserts Risalvato.

“If there is any group in this climate who prays daily for prices to fall, it is my members. Gasoline retailers hate high gasoline prices because their profit margins shrink the higher the price climbs. Having to pay double the price for a truck load – only to have you profits evaporate as costs rise – is not only stressful but threatens to close many of these small businesses. However, with prices declining naturally to market forces, why would the President make such a bone-headed move, only to possibly face retaliation from OPEC or the market? When prices shoot back up again, what will I tell my members who are already struggling to keep their doors open?” Risalvato asks.

“We trust our elected officials to consider all the possibilities when making a decision. Political expediency and poll numbers shouldn’t be among them. Economic experts and government officials far smarter than I am know that it is utterly unwise for Washington to meddle in the market. Today’s actions are nothing more than useless, ‘feel good’ politics that put short-term gains above long-term thinking. I just hope they finally learn this lesson when the tempest they’ve set off comes back to rain on their party”, Risalvato concluded.

####